



## **CAO ASSESSMENT REPORT**

**Complaint regarding IFC Investment in Alexandria Development Limited  
(Project # 27022)**

**Wadi Al-Qamar, Egypt**

April 2016

Office of the Compliance Advisor Ombudsman  
*for the* International Finance Corporation/  
Multilateral Investment Guarantee Agency  
**[www.cao-ombudsman.org](http://www.cao-ombudsman.org)**

## **About the Compliance Advisor Ombudsman**

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), the private sector arms of the World Bank Group. CAO reports directly to the President of the World Bank Group, and its mandate is to assist in addressing complaints from people affected by IFC/MIGA supported projects in a manner that is fair, objective, and constructive and to enhance the social and environmental outcomes of those projects.

For more information, see [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

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## **LIST OF ACRONYMS**

ADL	Alexandria Development Limited
APCC	Alexandria Portland Cement Company
BIC	Bank Information Center
BSCC	Beni Suef Cement Company
CAO	Compliance Advisor Ombudsman
EIA	Environmental Impact Assessment
EIPR	Egyptian Initiative for Personal Rights
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency

## 1. OVERVIEW

In April 2015, CAO received a complaint regarding the Alexandria Portland Cement Company (APCC), an IFC-supported project. The complaint was filed by a group of community members from Wadi Al-Qamar, who live in close proximity to APCC's cement factory, and former employees of APCC, with support from the Egyptian Initiative for Personal Rights (EIPR), a local non-governmental organization (NGO), and a number of other local NGOs. The complainants raised issues regarding: the proximity of the plant to the residential area of Wadi Al-Qamar; the effect pollution from APCC's cement factory has on community health and safety; compliance with national legislation; workers rights and working conditions; and lack of information disclosure and community consultation.

During CAO's assessment of the complaint, some of the complainants expressed interest in a dialogue with APCC, while others expressed reservations about entering into a dispute resolution process. APCC, on the other hand, denied all issues raised by the complainants. APCC expressed its ongoing interest in dialogue with APCC's stakeholders, and states it has already developed a specific action plan to further promote and expand stakeholder engagement (For further information on this regard see web site of Titan Cement Egypt: <http://www.apcc-eg.com/social-responsibility>). At the same time, APCC clarified that it could not recognize the complainants as legitimate community representatives and stakeholders for the purposes of engaging with them, as in their view they do not represent the residents of Wadi El Qamar and are motivated by personal, political and commercial interests. Given the voluntary nature of a CAO dispute resolution process, and APCC's inability to engage with the complainants for reasons given, the complaint is being referred to CAO's Compliance function in accordance with CAO's Operational Guidelines. This Assessment Report provides an overview of the assessment process, including a description of the project, the complaint, the assessment methodology, and next steps.

## 2. BACKGROUND

### 2.1. The Project

According to IFC, in 2009, Titan Group—an existing IFC client and Greece's leading private cement company—was seeking to expand its Egyptian operations which consisted of two entities: Beni Suef Cement Company (BSCC) and Alexandria Portland Cement Company (APCC). BSCC and APCC, at the time of the proposed investment, had a combined production capacity of 3.5 million tons per annum (mtpa) and were engaged in an investment program to add a second integrated cement production line of 1.5 mtpa to BSCC, along with various debottlenecking investments in both plants.

Alexandria Development Limited (ADL), a subsidiary of Titan Group, is the holding company of APCC. ADL and other Titan Group companies own approximately 82 percent of APCC's shares and its only operations are those of APCC and BSCC.

IFC's investment in 2010 consisted of 80 million euros in equity giving IFC a 15.2 percent stake in APCC through ADL.<sup>1</sup> IFC classified the project as a category B according to IFC's Sustainability Framework.<sup>2</sup>

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<sup>1</sup> See:

<http://ifcext.ifc.org/ifcext/pressroom/ifcpressroom.nsf/0/6CC10C2C862CF6A3852577E4004F72AF?Opendocument>. Accessed 2.10.2016.

<sup>2</sup> See: [http://ifcext.ifc.org/ifcext/spiwebsite1.nsf/ProjectDisplay/SPI\\_DP27022](http://ifcext.ifc.org/ifcext/spiwebsite1.nsf/ProjectDisplay/SPI_DP27022) Accessed 2.18.2016.

## **2.2. The Complaint**

In April 2015, CAO received a complaint from a group of Wadi Al-Qamar community members living in close proximity to the APCC cement factory, as well as from former employees of APCC. The complaint raised issues regarding the proximity of the plant to the residential area of Wadi Al-Qamar, and the impact of pollution on community health and safety, among other issues. Section 3.1 below contains a more detailed description of the issues raised in the complaint.

The complainant group is comprised of residents, APCC retirees who had retired on the basis of voluntary early leave program, and former APCC employees who became temporary workers. The complainants are supported by the following NGOs: Egyptian Initiative for Personal Rights (EIPR), Egyptian Center for Economic and Social Rights, Egyptian Center for Civil and Legislative Reform, Association for Health and Environmental Development, and Bank Information Center (BIC).

## **3. ASSESSMENT**

CAO determined that the complaint met its eligibility criteria in April 2015, and undertook an assessment of the complaint.

The purpose of a CAO assessment is to: clarify the issues and concerns raised by the complainants; gather information on how all the community, company and other stakeholders view the situation; and to determine what options are available for the parties to address the complaint issues with CAO's assistance through its Dispute Resolution and Compliance functions.

The CAO process allocates a maximum of 120 working days for the completion of the assessment. Though the complaint was filed in April 2015, the assessment trip took place in September 2015 due to requests from both parties to accommodate the end of the school year (May), the Holy month of Ramadan (June/July), and the summer holiday season (August).

CAO's complaint handling process ensures that the information gathered is not used to make any judgements about the merits of the complaint. (See Annex A for a complete description of the CAO complaint handling process.)

### **3.1. Methodology**

CAO's assessment of the complaint consisted of:

- a review of project documentation;
- telephone conversations with the complainants, and meetings with complainant groups and relevant NGOs in the field;
- telephone conversations with representatives of Titan Group and APCC, and meetings with their representatives in Cairo;
- field visits in the Wadi Al-Qamar neighborhood;
- discussions with the IFC project team.

### **3.2. Summary of Issues**

According to the complainants and APCC, the APCC cement factory is located where there are residences, and other operating industries. The following section provides a summary of the complainants and APCC's perspectives regarding the issues raised in the complaint.

**i. Application of IFC's performance standards and management of risks**

*Complainants' perspective*

Complainants and supporting NGOs allege that APCC did not have the proper environmental license to operate, and have been operating with a temporary license. They explain that the original license issued for the factory since its operation in the fifties only applies to the old four furnaces. These furnaces have been removed. In their view according to the Egyptian law the original license does not apply to the fifth furnace, and since it is the only one working now a new license should be issued. Additionally, they do not believe that APCC has complied with standards in relation to conducting an Environmental Impact Assessment (EIA), or restrictions regarding construction on public land.

The complainants state that a case is pending in Egyptian courts regarding the licensing of APCC and that the State Commissioner's report on the case confirms that the company does not have the correct legal license.

According to local residents, they believe that company has been operating with no license for years, which they believe is an indication of its influence. They also reported additional violations, including the building of a wall/mobile fence trespassing onto a public road, and that APCC refuses to remove the wall.

*APCC's perspective*

APCC states that they have followed Egyptian law and IFC's environmental standards in relation to conducting an EIA prior to the issuance of any permit, including for the use of coal. Moreover, APCC states that the Egyptian Environmental Authority has provided final approval for the plant to operate. APCC indicates that they have been a licensed plant since the start of their operations in 1951, and that they continue to operate lawfully today. They claim that the operating license was issued after all relevant Egyptian authorities, including the environmental authorities, verified and regularly reviewed that all requirements provided by the Egyptian legislation were fulfilled. They state that their license has not been revoked or cancelled by any entity or authority throughout the different sales and acquisitions that have taken place since APCC's privatization. APCC states that the State Commissioner's Report on the case has defacto been ignored by the Court which referred the case to another court due to lack of jurisdiction.

APCC also asserts that the wall/mobile fence in dispute is just a mobile metal fence temporarily located between the parking entrance and the main gate of the plant, at least four meters away from the public road, and that APCC has never confiscated any public land. According to APCC, this temporary mobile metal fence was placed on the concrete blocks installed by the state owned natural gas company (GASCO) for security reasons in December 2011, and that it was been installed outside the plant's entrance control point.

**ii. Community support and grievances**

*Complainants' perspective*

It is the complainants' view that they have not been considered by APCC as direct stakeholders. While complainants acknowledge the existence of community initiatives by APCC, they believe

that these initiatives are geared towards the personal interests of some members of the local community loyal to the company, and do not have the public interest in mind.

Complainants state that workers have expressed that their experience in negotiations with APCC is negative. In their view, the company has stalled, making promises it has not kept. As indicated by complainants, this group of workers say they had extensive experience in collective bargaining with the company throughout 2012 regarding discrimination in the wage structure, occupational safety, profits, and between permanent and temporary employees. They indicate that these negotiations were overseen by the Ministry of Manpower as dictated by Egyptian law. Ultimately, they expressed that APCC's lawyers told them that Titan has nothing to do with any claims or grievances, and that they must deal with the companies that contract with APCC to supply temporary laborers. Workers reported that the Ministry of Manpower assigned an inspection committee to assess the workers' status. According to them, the Committee's report concluded that both Titan and the labor supply companies involved were in violation of the law.

Additionally, the complainants stated that the winds in this coastal region are largely northwesterly, resulting in a wind corridor that carries cement dust and fumes from the plant and adversely impacts the residential area adjacent to the plant. Residents who filed the complaint reported that one of the operating industries, located next to the cement plant, won a court ruling establishing that its salt beds were covered by cement dust carried by the northwesterly winds. Residents also indicated that pollution from the plant is adversely impacting their livelihood and food sources.

The complainants offered a narrative about two different incidents. They referred to a first incident in December 2012 that included a peaceful demonstration by residents against the pollution emanating from the plant and its adverse impact on their health, and a second incident in February 2013 that involved a sit-in by former APCC employees (now temporary workers).

With regard to the first incident, the complainants reported that they, and many local residents, gathered on the street in front of the main locked gate of the company in late December 2012. They stated that they stood there from the afternoon until shortly before sunset carrying signs and chanting. As darkness fell, they reported seeing smoke coming from the administrative building inside the company, near the gate. Soon after, as they described, the gates of the plant were opened and 20–25 men came out and attacked the demonstrators with sticks, chains, and bricks. The complainants say that some of the men were well known to the residents of Wadi Al-Qamar as hired criminals. Another group of men, wearing helmets and company uniforms, were on the roof of the administrative building throwing stones at the demonstrators. Flames became visible from the administrative building, and during the tumult, police arrived and broke up the clashes between the parties.

With regard to the second incident, workers reported that close to one hundred and fifty workers staged a sit-in at the company headquarters in February 2013. They indicated they were demanding that a Titan representative respond to inquiries about Titan's policies on workers benefits, in light of what the sub-contracting company's manager told them about Titan not delivering the sub-contracting company any of the benefits for the workers. They claim that in response to such demands, the demonstrators were informed by APCC administrative staff that there was no company representative in Alexandria to respond to their question, and that they were asked to leave. They stated that on the dawn of the third day of the sit-in, the workers were surprised by an attack by the Central Security Forces. They reported the use of severe force to break up the sit-in, and that many of the protesters were arrested. They also reported that workers who had not been part of the sit-in were fired when they attempted to return to work after the breakup of the protestors. Complainants shared videos of the incident with CAO.

Complainants acknowledge the occurrence of these events, and their views differ fundamentally from APCC regarding who initiated the violence and who was responsible for it.

*APCC's perspective*

APCC states that, in line with Titan Group Policies, it has always implemented an "open door policy" allowing stakeholders to communicate their issues directly to the company. APCC indicates that following the complaint Titan Group Egypt invited a local NGO, the Center for Sustainable Development (CSD), to conduct an assessment on the needs and expectations of residents and communities living in the area of Wadi Al-Kamar in order to better align its corporate social responsibility action plans with issues that are important for local stakeholders.

Additionally, APCC noted that the court case raised by one of the operating industries was rejected by the court which ruled that the alleged damage was not caused by APCC and that the plant has been located in the El Max industrial zone for more than seventy years, and is one of the most important industrial zones in Alexandria governorate, which includes more than 15 factories of heavy industries.

APCC shared with CAO that in the incident from late December 2012, the protestors broke the gate of the plant and set fire to the administration building. According to APCC hired criminals were among the protestors and they were the ones who attacked the plant, and opened the gate. APCC indicated that only the people that were involved in the incident were reported to the management of the contracting companies with the request not to be included again to assignments related to APCC.

As per information shared by APCC with CAO, a forceful occupation of APCC's plant took place in February 2013 following violent protests by a number of employees of contractors servicing APCC, as well as a few former APCC employees who voluntarily retired in 2003 on the basis of a Voluntary Early Retirement Program, and were demanding to be re-employed by APCC. APCC indicated that they refused to accept the demands, and that protesters, together with what they perceive as troublemakers who had no connection to the contractor's or the company's personnel, entered APCC's premises by force, alleging that they would participate in a peaceful sit-in, which soon evolved into a forceful occupation of certain parts of the plant. APCC stated that this occupation lasted more than three days, that parts of the plant were set on fire, and that a number of APCC's employees and managers, together with the manager of a contracting company (a woman aged 65 years), were kept by force in the plant by the protestors. According to APCC, police intervention was inevitable as a result of the event, and the violence and burning of corporate property then ensued. In APCC's view, such actions resulted in the issuance of arrest warrants against persons who committed criminal offenses during the riots. APCC stated that none of protestors were employees of APCC, and indicated that Egyptian authorities are in the process of investigating these incidents. APCC shared videos of the incident with CAO.

APCC believes that the complainants are among those who orchestrated the attacks against the APCC plant in early 2013, and that they serve commercial interests of third parties. Therefore, APCC questions the motives and interests of the complainants and their neutrality or independence on the issues they present. As a result APCC questions whether the complainants fairly represent the community of Wadi Al-Qamar.

APCC acknowledge the occurrence of these events, and their views differ fundamentally from complainants regarding who initiated the violence and who was responsible for it.

### iii. Pollution

#### *Complainants' perspective*

According to the complainants, the impact of dust in Wadi Al-Qamar is felt throughout the day and is increasingly worse at night. They attribute acute respiratory difficulties and illnesses impacting adults and children to the dust, and claim that other local residents share the same concern.

They also report that some local residents have filed suits against the company seeking compensation for the harms arising from pollution and its impact on their health. According to them, one resident has been awarded compensation by Egyptian courts.

Additionally, the complainants fear that if the plant switches to coal as a fuel source there will be an increase in particulate emissions.

The complainants also raise issues related to noise and tremors generated by the operation of equipment, trucks, machinery and grinders, which disturb the peace of local residents. They attribute cracks in their homes and nearby buildings to the operation of this machinery, and state that on several occasions exterior parts of several buildings have collapsed due to these tremors, threatening residents' security and safety.

The complainants say that they feel IFC has failed to adequately monitor the performance of companies IFC finances, and that this only happens in poor countries like Egypt. They feel that IFC has continued to back APCC, despite the harm it is causing to local residents.

#### *APCC's perspective*

According to APCC, they apply the best available techniques to comply with the Egyptian environmental legislation, and also with international and EU standards. They state that in the last five years they carried out important and costly projects, including the use of state of the art technology for the kiln upstream bag filter, the installation of dust emission filters, and a new system for reducing the NOX emissions, cladding projects and material coverage and storage projects. As a consequence APCC has received public recognition and awarded by respective authorities.

As express by APCC, the National Network for Monitoring of Industrial Emissions has reported that APCC has zero violations with regard to stacks and dust and particulate emissions; dioxin and furan emissions; and noise pollution.

They state that the 2011 Egyptian Environment Affairs Agency Annual Environmental Report established that APCC had achieved a compliance percentage of 96.1 percent in relation to the limits for dust emission provided by Egyptian legislation. APCC also indicates that all plant emissions have monitoring mechanisms to provide reports that feed directly to the Ministry of Environment on a monthly basis, and that results are reported and shared at the plant, headquarters, and the Titan Group. Furthermore, they emphasize that audits are conducted regularly including: 1) site audits – 2 per month conducted by Egyptian Environment Affairs Agency, Alexandria Governorate and Ministry of Health; 2) emission monitoring audits – 4 per year conducted by Egyptian Environment Affairs A gency from Cairo and Alexandria.

APCC indicates that safety audits are conducted by safety managers and experts covering all activities and personnel working in company premises.

**iv. Resettlement**

*Complainants' perspective*

According to the complainants and NGOs supporting the complaint there is no legal requirement or norm that establishes the resettlement of Wadi Al-Qamar residents, and they do not wish to relocate. Tens of thousands of people live in the area and are bound to it by immovable assets, livelihood, jobs, and cultural ties. They claim that by and large the residents do not wish to relocate.

Residents reported that the residential community dates back to the 1930's, and that many hold deeds that support their claim. They say the residential community area is not an informal one, and claim they possess copies of maps from the Egyptian Survey Office dated 1944 that prove this.

*APCC's perspective*

APCC reports that the Governor of Alexandria and the local Municipal Council had occasionally discussed, among other possible solutions, and prior to the acquisition of APCC by Titan Group, the possibility of designing and implementing a plan for the relocation of the continuously growing resident population within the industrial zone of Wadi Al-Qamar. However, none of these plans materialized nor have they ever been initiated or proposed by APCC. APCC claims it has never taken initiatives to relocate, nor requested the relocation of people living in the area.

**v. The use of coal**

*Complainants' perspective*

The complainants and supporting NGOs express a lack of understanding about why IFC's Performance Standard 3 on Resource Efficiency and Pollution Prevention has not been adequately implemented since it aims to limit greenhouse gas emissions and utilize feasible alternatives that rely on renewable energy sources or low-carbon energy. They remain concerned that APCC intends to begin using coal to fuel the plant.

*APCC's perspective*

In response to a national shortage of natural gas, APCC indicates that the Egyptian government has approved the use of coal as an energy source for cement industries. APCC also shares that a year before the energy issue started to occur in Egypt the Titan group had already started

to consult with stakeholders about Alternative Fuel sources and a campaign to sensitize people on Titan group commitment to limit greenhouse emissions was conducted.

Following the completion of the Environmental Impact Study required by the law APCC' lisencc to use coal was issued by the competent Egyptian authority end of December 2015. APCC has expressed their commitment to sustainable environmental policies, and believe that they are one of the pioneer companies in Egypt planning for the implementation of Alternative Fuel sources. The company says it has already obtained the environmental permit for the use of alternative fuel in order to compensate for the acute gas shortage and support the Alexandria governorate to address the municipal solid waste problem.

**vi. Workers' rights and working conditions**

*Complainants' perspective – early retirees*

Workers who were granted early retirement claim that they were only paid 45 month of severance in lieu of the 75 month severance package that Egyptian law stipulates. They also expressed a lack of understanding regarding what the amount paid included/covered, as well as what the 75 month severance package stipulated by law included/covered.

The workers reported that they still haven't received the benefits to which they believe they are entitled, such as shares they purchased while working for the company, and permanent housing.

Workers who have received severance expressed their desire to return to work for APCC as it was their main source of income. For many, their employment offered them a sense of pride in the community as many of their parents and grandparents worked for the company. They feel that their disassociation from APCC has adversely affected their ability to be hired by other companies.

Contrary to what they agreed to and signed in the early retirement contract, retired workers claim that:

- 45 months of wages were disbursed rather than 75;
- they believe they did not receive their shares from the fifth kiln (5 percent) to which they made monthly contributions;
- they state that they were denied other rightful shares including: 7.4 percent of Suez stock and 10.3 percent of Asik stock; shares of the shareholders' union set aside for workers by the state (10 percent), and profit shares;
- in their view their insurance claims were not settled; and
- they indicate receiving a pension less than they were entitled to.

Consequently, they believe that the company has not honored workers' legitimate claims since they took early retirement in 2003, and these claims have not yet been settled.

*Complainant's perspective – former workers and temporary workers*

Since the time of purchase of APCC by Titan Group, complainants and supporting NGOs have stated that the labor force has been reduced to one quarter of the original workforce.

The complainants reported that they went from holding permanent employee status (with benefits) with APCC, to being temporary contract employees (without benefits) despite having worked for the company for more than 10 years. In their view, as temporary workers with one of three APCC approved labor supply companies, they continued to hold the same level of responsibilities as permanent employees, including dealing with hazardous materials. They claim that the transition was not voluntary, and was characterized by a lack of consultation or prior information sharing about the company's intent to transition into such an arrangement. Some claimed that the company gave them false information about the deal, and that others were subject to severe pressure to accept the new status.

As a result of termination of employment by APCC, complainants claim that their livelihoods have been adversely impacted through a loss of income, access to health care, and future job opportunities with other employers.

They believe that they were wrongly accused of committing violent actions against the company, such as a sit-in on the company's premises that resulted in a fire and the burning of the company's records, which were housed in the plant.

This group of complainants also included workers who were providing services through labor supply companies. Yet, in their view they performed jobs that were essential to the production process. They noted, for example, that one temporary worker was a supervisor of permanent workers, and indicated, that in their view, there is a substantial gap between the two classes of workers in wages, incentives, profit sharing, medical treatment, and other benefits.

Overall, this group of complainants also report that working conditions in terms of occupational health and safety were not good. They sustained adverse health impacts due to their work, and many of their coworkers were injured and at times killed in work accidents.

*APCC's perspective*

According to APCC, workers' environment, health and safety is a priority. APCC states that they conduct regular inspections and carry out preventive maintenance of equipment. In addition, they indicate that they provide regular medical checkup for workers; monitoring programs of the work environment; and perform internal audits to identify preventive and/or corrective actions for continuous improvement in the workplace. Regarding health and safety, APCC noted that they apply the best available practices to assure a safe work environment, not only for employees, but also for contractors' personnel and for all visitors to project sites. Moreover, they state that on-going efforts regarding the safety performance of the company and contractors are recorded, reported and evaluated following the international industry standards, and results are reported annually to all stakeholders of Titan Group.

APCC indicates that the downsizing of APCC's labor force took place primarily in 2003 while APCC was co-owned by Lafarge-Titan, and that a Voluntary Early Leave Plan was offered. In their view, employees who left received generous incentives including up to 45 months of paid salary as compensation, and they believe the majority of those employees were able to find employment with other companies afterwards. Moreover, APCC stated that there have been at least 11 court final decisions by the Egyptian Courts whereby the requests of prior APCC employees who retired through the Voluntary Early Leave Plan, and wished to be re-employed by the company, were finally rejected.

APCC notes that they are currently out-sourcing services that fall outside the scope of APCC's main activity, and that such services are mainly handling and cleaning services.

Regarding contractors' workforce, APCC states that they consider their health, safety and legal rights in the same manner as its own workforce.

#### **4. NEXT STEPS**

During CAO's assessment of the complaint, and after in-depth discussions with the above mentioned stakeholders, the complaint is being referred to CAO's Compliance function in accordance with CAO's Operational Guidelines. Some complainants expressed interest in a dialogue with APCC, while others expressed reservations about pursuing dialogue. APCC expressed its ongoing interest in dialogue with all its stakeholders and has already developed a specific action plan to further promote and expand stakeholder engagement. At the same time, APCC clarified that it cannot recognize the complainants as legitimate community representatives and stakeholders. Given the voluntary nature of CAO's dispute resolution process and in accordance with CAO's Operational Guidelines, the case will now be referred to CAO's Compliance function for appraisal of IFC's environmental and social due diligence with regard to the project.

## Annex A. CAO Complaint Handling Process

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group. CAO reports directly to the President of the World Bank Group, and its mandate is to assist in addressing complaints from people affected by IFC/MIGA supported projects in a manner that is fair, objective and constructive and to enhance the social and environmental outcomes of those projects.

The initial assessment is conducted by CAO's Dispute Resolution function. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the complainant(s); (2) gather information on how other stakeholders see the situation; and (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function, or whether the case should be reviewed by CAO's Compliance function.

This document is a preliminary record of the views heard by the CAO team, and explanations of next steps depending on whether the parties choose to pursue a CAO Dispute Resolution process or prefer a CAO Compliance process. *This report does not make any judgment on the merits of the complaint.*

As per CAO's Operational Guidelines,<sup>3</sup> the following steps are typically followed in response to a complaint that is received:

Step 1: **Acknowledgement** of receipt of the complaint

Step 2: **Eligibility:** Determination of the complaint's eligibility for assessment under the mandate of the CAO (no more than 15 working days)

Step 3: **CAO assessment:** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function, or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 120 working days.

Step 4: **Facilitating settlement:** If the parties choose to pursue a collaborative process, CAO's dispute resolution function is initiated. The dispute resolution process is typically based or initiated by a Memorandum of Understanding and/or mutually agreed upon ground rules between the parties. It may involve facilitation/mediation, joint fact-finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected<sup>4</sup>.

OR

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<sup>3</sup> For more details on the role and work of CAO, please refer to the full Operational Guidelines: [http://www.cao-ombudsman.org/documents/CAOOperationalGuidelines\\_2013.pdf](http://www.cao-ombudsman.org/documents/CAOOperationalGuidelines_2013.pdf)

<sup>4</sup> Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO Dispute Resolution will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible, the Dispute Resolution team will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public, that CAO Dispute Resolution has closed the complaint and transferred it to CAO Compliance for appraisal.

**Compliance Appraisal/Investigation:** If the parties opt for a Compliance process, CAO's Compliance function will initiate an appraisal of IFC's/MIGA's environmental and social due diligence of the project in question to determine whether a compliance investigation of IFC's/MIGA's performance related to the project is merited. The appraisal time can take up to a maximum of 45 working days. If an investigation is found to be merited, CAO Compliance will conduct an in-depth investigation into IFC's/MIGA's performance. An investigation report with any identified non-compliances will be made public, along with IFC's/MIGA's response.

Step 5: **Monitoring** and follow-up

Step 6: **Conclusion/Case closure**